American Municipal Power, Inc.

Interim Consolidated Financial Statements and Supplementary Information
March 31, 2015

American Municipal Power, Inc.
Index
Three Months Through and Ended March 31, 2015 (unaudited)

Independent Auditor's Report

To the Board of Trustees and Members of
American Municipal Power, Inc.

We have reviewed the accompanying consolidated interim financial information of American Municipal Power, Inc. and its subsidiaries (the "Organization"), which comprise the consolidated balance sheet as of March 31, 2015, and the related consolidated statements of revenues and expenses, of changes in member and patron equities, and of cash flows for the three-month periods ended March 31, 2015 and 2014.

Management's Responsibility for the Consolidated Interim Financial Information

The Company's management is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of the consolidated interim financial information in accordance with accounting principles generally accepted in the United States of America.

Auditor's Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

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Other Matter

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of American Municipal Power, Inc. and its subsidiaries as of December 31, 2014, and the related consolidated statements of revenues and expenses, of changes in member and patron equities, and of cash flows for the year then ended (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 29, 2015. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2014, is consistent, in all material respects, with the audited consolidated balance sheet from which it has been derived.

PricewaterhouseCoopers LLP

Columbus, Ohio
September 28, 2015

American Municipal Power, Inc.
Consolidated Balance Sheets
March 31, 2015 (unaudited) and December 31, 2014

	March 31, 2015	December 31, 2014
Assets		
Utility plant		
Electric plant in service	$ 1,952,339,271	$ 1,952,276,566
Accumulated depreciation	(168,197,185)	(154,691,827)
Total utility plant	1,784,142,086	1,797,584,739
Nonutility property and equipment		
Nonutility property and equipment	24,791,209	24,766,761
Accumulated depreciation	(13,382,597)	(12,748,680)
Total nonutility property and equipment	11,408,612	12,018,081
Construction work-in-process	2,274,055,636	2,193,559,995
Plant held for future use	35,210,882	35,115,838
Coal reserves	24,837,211	25,045,650
Trustee funds and other assets		
Trustee funds	280,590,713	571,454,907
Trustee funds - restricted	805,663,044	-
Financing receivables - members	13,573,317	14,878,755
Notes receivable	50,809,599	50,759,327
Regulatory assets	273,903,880	263,745,272
Investment in The Energy Authority	10,211,442	10,211,442
Intangible and other assets, net of accumulated amortization of $24,122,728 and $23,513,508, respectively	77,683,803	74,742,555
Total trustee funds and other assets	1,512,435,798	985,792,258
Current assets		
Cash and cash equivalents	109,696,263	70,570,137
Cash and cash equivalents - restricted	25,758,134	25,267,618
Trustee funds	410,505,563	309,926,968
Trustee funds - restricted	21,524,949	-
Investments	15,076,768	14,872,390
Collateral postings	18,264,767	20,789,600
Accounts receivable	95,394,938	75,082,328
Interest receivable	12,769,728	29,565,866
Financing receivables - members	15,974,492	14,438,195
Notes receivable	7,909,082	9,956,514
Inventories	9,096,930	7,361,057
Regulatory assets	33,494,493	23,433,943
Prepaid expenses and other assets	4,742,371	5,816,293
Total current assets	780,208,478	607,080,909
Total assets	$ 6,422,298,703	$ 5,656,197,470

American Municipal Power, Inc.
Consolidated Balance Sheets
March 31, 2015 (unaudited) and December 31, 2014

	March 31, 2015	December 31, 2014
Equities and Liabilities		
Member and patron equities		
Contributed capital	$ 806,248	$ 806,248
Patronage capital	64,734,214	60,990,058
Total member and patron equities	65,540,462	61,796,306
Long-term debt		
Term debt	5,558,053,330	4,796,401,675
Term debt on behalf of Central Virginia Electric Cooperative	22,770,833	22,770,833
Revolving credit loan	357,200,000	316,000,000
Total long-term debt	5,938,024,163	5,135,172,508
Current liabilities		
Accounts payable	155,999,100	165,997,415
Accrued postretirement benefits	729,189	682,061
Accrued interest	43,034,050	114,510,827
Term debt	77,485,843	64,650,843
Term debt on behalf of members	10,068,500	12,113,000
Term debt on behalf of Central Virginia Electric Cooperative	-	854,167
Regulatory liabilities	854,477	645,779
Other liabilities	24,901,538	24,927,413
Total current liabilities	313,072,697	384,381,505
Other noncurrent liabilities		
Accrued postretirement benefits	100,000	100,000
Deferred gain on sale of real estate	1,248,621	1,260,748
Other liabilities	52,535,710	31,400,728
Asset retirement obligations	7,730,871	7,728,419
Regulatory liabilities	44,046,179	34,357,256
Total other noncurrent liabilities	105,661,381	74,847,151
Total liabilities	6,356,758,241	5,594,401,164
Total equities and liabilities	$ 6,422,298,703	$ 5,656,197,470

The accompanying notes are an integral part of these consolidated financial statements.

American Municipal Power, Inc.
Consolidated Statements of Revenues and Expenses
Three Months Ended March 31, 2015 and 2014 (unaudited)

	March 31,	
	2015	**2014**
Revenues		
Electric revenue	$ 262,332,261	$ 265,894,131
Service fees	2,990,319	2,709,191
Programs and other	2,970,101	5,330,295
Total revenues	268,292,681	273,933,617
Operating expenses		
Purchased electric power	160,978,598	169,101,561
Production	28,349,694	16,281,464
Fuel	40,323,075	40,262,409
Depreciation and amortization	14,641,937	14,635,882
Administrative and general	609,946	2,158,383
Property and real estate taxes	585,468	621,208
Programs and other	3,146,182	4,983,388
Total operating expenses	248,634,900	248,044,295
Operating margin	19,657,781	25,889,322
Nonoperating revenues (expenses)		
Interest expense	(28,234,795)	(29,694,976)
Interest income, subsidy	3,378,523	3,382,170
Interest income, other	3,035,749	942,617
Other, net	5,906,898	562,711
Total nonoperating expenses	(15,913,625)	(24,807,478)
Net margin	$ 3,744,156	$ 1,081,844

The accompanying notes are an integral part of these consolidated financial statements.

American Municipal Power, Inc.
Consolidated Statements of Changes in Members and Patron Equities
Three Months Ended March 31, 2015 (unaudited) and December 31, 2014

	Contributed Capital	Patronage Capital	Total
Balances at December 31, 2013	$ 806,248	$ 58,412,402	$ 59,218,650
Net margin	-	2,577,656	2,577,656
Balances at December 31, 2014	806,248	60,990,058	61,796,306
Net margin	-	3,744,156	3,744,156
Balances at March 31, 2015	$ 806,248	$ 64,734,214	$ 65,540,462

The accompanying notes are an integral part of these consolidated financial statements.

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Three Months Ended March 31, 2015 and 2014 (unaudited)

	March 31, 2015	March 31, 2014
Cash flows from operating activities		
Net margin	$ 3,744,156	$ 1,081,844
Adjustments to reconciles net margin to net cash used in operating activities		
Depreciation and amortization	14,433,498	14,468,802
Depletion of coal reserves	208,439	163,659
Amortization of deferred financing costs	646,419	709,848
Amortization of bond premium, net of amortization of bond discount	(1,452,602)	(575,228)
Accretion of interest on asset retirement obligations	43,330	37,820
Unrealized gain on natural gas swaps	-	(6,655,974)
Unrealized (gain) loss on investments	(5,161,109)	(652,679)
Changes in assets and liabilities		
Collateral postings	2,524,833	(1,450,167)
Accounts receivable	(20,312,609)	(7,818,755)
Interest receivable	1,242,743	4,385,439
Inventories	(1,735,873)	(150,902)
Regulatory assets and liabilities, net	11,108,576	2,057,011
Prepaid expenses and other assets	1,639,138	1,021,929
Accounts payable	3,404,701	9,683,933
Accrued postretirement benefits	47,128	(3,284,673)
Accrued interest	(24,165,464)	(29,772,647)
Asset retirement obligations	(40,878)	(56,653)
Other liabilities	(321,006)	(836,243)
Net cash used in operating activities	(14,146,580)	(17,643,636)
Cash flows from investing activities		
Purchase of utility property and equipment	(62,705)	(722,981)
Purchase of nonutility property and equipment	(24,448)	(73,296)
Proceeds from insurance claim	-	1,628,200
Purchase of construction work-in-progress	(125,759,698)	(125,697,666)
Proceeds from sale of investments	209,116,774	467,485,177
Purchase of investments	(841,074,563)	(292,842,299)
Loans made to related parties	-	(65,074,415)
Investment in TEA	-	(10,211,442)
Proceeds due to repayments of loans made to related parties	1,997,160	-
Purchase of plant held for future use	(95,044)	-
Restricted cash and cash equivalents	(490,516)	15,211,748
Net cash (used in) provided by investing activities	(756,393,040)	(10,296,974)

American Municipal Power, Inc.
Consolidated Statements of Cash Flows
Three Months Ended March 31, 2015 and 2014 (unaudited)

	March 31, 2015	March 31, 2014
Cash flows from financing activities		
Proceeds from revolving credit loan	42,200,000	191,000,000
Payments on revolving credit loan	(1,000,000)	(116,000,000)
Cost of issuance of debt	(4,343,984)	-
Principal payments on term debt	(48,260,000)	(29,050,000)
Principal payments on term debt on behalf of members	(2,044,500)	(5,990,000)
Proceeds from issuance of term debt	824,199,257	-
Proceeds from issuance of term debt on behalf of members	-	2,038,000
Principal payments on term debt on behalf of Central Virginia Electric Cooperative	(854,167)	(854,167)
Proceeds from financing receivables - members	1,672,568	1,705,309
Funding of financing receivables - members	(1,903,427)	(1,841,296)
Capital contributions	-	-
Net cash provided by (used in) financing activities	809,665,747	41,007,846
Net change in cash and cash equivalents	39,126,127	13,067,236
Cash and cash equivalents		
Beginning of year	70,570,137	44,668,388
End of year	$ 109,696,264	$ 57,735,624
Supplemental disclosure of cash flow information		
Cash paid during the year for interest, net of amount capitalized	$ 62,110,567	$ 59,467,623
Supplemental disclosure of noncash investing and financing activities		
Capital expenditures included in accounts payable and other liabilities	$ 80,579,165	$ 41,450,140
Capital expenditures included in accrued interest, net of interest receivable	15,603,252	12,346,254

The accompanying notes are an integral part of these consolidated financial statements.

1. Description of Business

American Municipal Power, Inc. ("AMP") is a not-for-profit Ohio corporation organized to provide electric capacity and energy and to furnish other services to its members on a cooperative basis. AMP is a tax-exempt organization for federal tax purposes under Section 501(c)(12) of the Internal Revenue Service Code ("IRC"). As AMP derives its income from the exercise of an essential government function and will accrue to a state or a political subdivision there of; AMP's income is excludable from gross income under IRC Section 115. AMP is a membership organization comprised of 83 municipalities throughout Ohio, 29 municipalities in Pennsylvania, six municipalities in Michigan, five municipalities in Virginia, four municipalities in Kentucky, two municipalities in West Virginia, one municipality in Indiana, one municipality in Maryland, and one joint action agency in Delaware, all but one of which own and operate electric systems. AMP purchases and generates electric capacity and energy for sale to its members. AMPO, Inc. is a for-profit subsidiary that provides electric and natural gas aggregation consulting services to both members and nonmembers in Ohio.

In addition, AMP serves as a project manager for Ohio members participating in joint venture projects to share ownership of power generation and transmission facilities, known as Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 ("OMEGA" "JV1," "JV2," "JV4," "JV5," and "JV6") (collectively, the "OMEGA Joint Ventures").

AMP is closely aligned with Ohio Municipal Electric Association ("OMEA"), the legislative liaison for the state's municipal electric systems. In addition to the OMEGA Joint Ventures, Municipal Energy Services Agency ("MESA") has also been formed by the members. MESA provides management and technical services to AMP, its members, and the OMEGA Joint Ventures.

AMP has received approval pursuant to a private letter ruling from the Internal Revenue Service ("IRS") to issue tax-exempt securities on behalf of its members. In connection with the financing of projects undertaken by the electric systems of certain member communities, AMP has issued tax-exempt debt on their behalf. Additionally, AMP has issued tax-exempt bonds to finance the construction of its generating projects.

AMP 368 LLC ("AMP 368") is a wholly owned and consolidated subsidiary of AMP, which through AMP 368 is the owner of a 23.26%, or 368MW, undivided interest in the Prairie State Energy Campus ("PSEC"). The PSEC is a mine-mouth, pulverized coal-fired generating station in southwest Illinois.

Meldahl LLC is a wholly owned and consolidated subsidiary of AMP, which through Meldahl LLC, is the owner of the 105 MW Meldahl project under construction as a run-of-the river hydroelectric facility on the Ohio River.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include all entities in which AMP has control, which are its majority-owned subsidiaries. The interim consolidated financial statements have been prepared without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The interim consolidated financial statements as of March 31, 2015 should be read in conjunction with the consolidated financial statements and the notes thereto for the year ended December 31, 2014. The accompanying interim consolidated financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results of the interim periods presented. Operating results for the three-months ended March 31, 2015 are not necessarily indicative of the results to be expected for the full year ending December 31, 2015.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates. All intercompany transactions and balances have been eliminated.

Utility Plant

AMP records amounts expended in connection with the purchase or construction of utility plant assets at cost. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. Operations are charged with labor, material, supervision and other costs incurred to maintain the utility plant. When utility plant assets are retired, accumulated depreciation is charged with the cost of assets, plus removal costs, less any salvage value, and any resulting gain or loss is reflected in net margin in the consolidated statements of revenues and expenses.

Jointly-Owned Utility Plant

Under ownership agreements with other joint owners, AMP has 23.26% undivided ownership interests in PSEC. Each of the respective owners is responsible for its portion of construction costs. Kilowatt-hour generation and variable operating expenses are divided on an owner's percentage of dispatched power and fixed operating expenses are allocated by project ownership with each owner reflecting its respective costs in its statements of revenue and expenses. AMP's ownership interest in PSEC includes the proportionate share of PSEC's balance sheet as provided for under ASC 970-810-45, *Undivided Interests*. This Accounting Standard requires the recording of undivided interests in assets and liabilities when given conditions are met.

Information relative to AMP's ownership interest in these facilities is as follows:

	March 31, 2015	December 31, 2014
Utility plant in service	$ 1,135,427,570	$ 1,135,417,577
Construction work-in-progress	7,584,096	5,888,279

AMP's ownership interest in PSEC includes an interest in nearby coal reserves, valued at $24,837,211 and $25,045,650 (net of depletion) as of March 31, 2015 and December 31, 2014, respectively.

Nonutility Property and Equipment

Nonutility property and equipment is recorded at cost. Major renewals, betterments and replacements are capitalized, while maintenance and repair costs are charged to operations as incurred. When nonutility property and equipment is retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts, and the related gains or losses are reflected in net margin in the consolidated statements of revenues and expenses.

Construction Work-in-Progress

AMP records amounts expended in connection with construction work-in-progress projects at cost. Upon completion of a project, AMP places the asset in service and the related costs are recorded as either utility plant or nonutility property and equipment.

Construction work-in-progress projects consist of the following at March 31, 2015 and December 31, 2014:

	March 31, 2015	December 31, 2014
Prairie State Energy Campus	$ 7,584,096	$ 5,888,279
Hydro Plants	2,255,123,036	2,177,741,690
AMP Fremont Energy Center	5,800,535	5,493,753
Other	5,547,969	4,436,273
	$ 2,274,055,636	$ 2,193,559,995

There is $1,074,625 of land included in the construction work-in-progress account at both March 31, 2015 and December 31, 2014. There is $470,851,881and $437,568,663 of capitalized interest included in the construction work-in-progress account at March 31, 2015 and December 31, 2014, respectively. AMP capitalized interest costs in the amount of $33,283,218 and $27,465,284 for the three-month periods ended March 31, 2015 and 2014, respectively.

Plant Held for Future Use

In November 2009, the participants in the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a $3 billion project, but the project's targeted capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

The AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay any costs incurred for the project.

In August 2010, the 81 AMPGS participants voted to pursue conversion of the AMPGS Project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended, when AMP determined to pursue the purchase of the AMP Fremont Center ("AFEC") instead, AMP still intends to develop this site for the construction of a generating asset; however, at December 31, 2014, the type of future generating asset had not been determined.

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the consolidated balance sheets. At December 31, 2010, AMP reclassified $34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the type of generating asset ultimately developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. At March 31, 2015, AMP has a regulatory asset of $43,118,011 for the recovery of these abandoned construction costs.

On April 15, 2014, the AMP Board of Trustees voted to approve collection of $39,947,959 of stranded costs, related to the cancelled AMPGS coal project, from the AMPGS Participants pursuant to the AMPGS take-or-pay power sales contract, subject to the approval of the Participants. The Board of Trustees also voted to have AMP repay $11,674,131 of AMPGS stranded costs from service fee and other member related revenues over the same term. On April 16, the AMPGS Participants voted to approve these collections from Participants and Members, respectively, over a 15 year term.

Trustee Funds

AMP maintains funds on deposit with the trustees ("trustee funds") under its various trust indentures securing bonds issued for its various projects. Investments of the trustee funds include money market funds and debt securities. The debt securities are classified as held-to-maturity under the FASB's standard for debt and equity securities, and are recorded at amortized cost. The debt securities mature at various dates through January 2030.

On January 14, 2015, AMP issued, pursuant to the PSEC Master Trust Indenture (MTI), its Prairie State Energy Campus Project 2015 Revenue Bonds (see Note 3). A portion of the proceeds of the PSEC 2015 Bonds and other available funds under the Indenture, were applied to refund the PSEC 2008A Bonds and PSEC 2009A Bonds. To effect the refunding, a sufficient amount of the proceeds of the Series 2015 Bonds and certain other available funds under the Indenture were deposited in an escrow account (the "Escrow Fund") established by AMP with U.S. Bank National Association (the "Escrow Agent"), and were invested in certain noncallable direct obligations or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America ("Defeasance Obligations") that mature in amounts and pay interest at rates sufficient to pay, when due, the principal, applicable redemption premiums, if any, and interest on the above- referenced bonds through their respective maturity or redemption dates, as applicable. The sufficiency of the Escrow Fund, including Defeasance Obligations and the income thereon, to pay such amounts were verified by a third party CPA firm. On the date of issuance of the PSEC 2015 Bonds, the Escrow Agent was given irrevocable instructions to call the callable PSEC 2008A Bonds for redemption on February 15, 2018 and the callable 2009A Bonds for redemption on February 15, 2019, each at the redemption prices of 100%.

Realized gains and losses on investment transactions are determined on the basis of specific identification. Gross unrealized holding gains at March 31, 2015 and December 31, 2014 were $4,956,731 and $2,100,194, respectively. Gross unrealized holding gains and losses are included in other income in the consolidated statements of revenues and expenses.

Impairment of Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that full recoverability is questionable. The determination of whether an impairment has occurred is based on an estimate of undiscounted future cash flows attributable to the assets, as compared with the carrying value of the assets. If an impairment has occurred, the amount of the impairment recognized is the excess of the carrying value of the assets over fair value of the assets.

Intangible and Other Assets

In 2011, American Municipal Power Inc. entered into an asset purchase agreement with FirstEnergy Generation Corporation for the acquisition of AFEC and acquired all assigned contracts and permits relating to that facility. AFEC is a 707 MW natural gas fired combined cycle generation plant located in the City of Fremont, Ohio. On January 21, 2012, AFEC began commercial operation. In June 2012, AMP sold 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output associated with a 4.15% undivided ownership interest (the "4.15% Ownership Interest") in AFEC held by AMP. AMP has sold the output of the remaining 90.69% undivided ownership interest to the AFEC participants, which consist of 87 of its members, pursuant to a take-or-pay power sales contract.

Included in the approximately $596 million investment for the AFEC project, were two interconnections contracts for off-site facilities: 1) electric interconnections and other necessary improvements to the electric grid, and the legal rights and contractual terms associated with them and 2) water/waste water interconnections and other necessary improvements to the City of Fremont's water and waste water systems, and the legal rights and contractual terms associated with them. At the time of the acquisition, these interconnection contracts were recorded as part of the utility plant. These contracts were valued at $28,665,190, and were net of $2,484,316 and $2,293,215 of accumulated amortization for the periods ended March 31, 2015 and December 31, 2014, respectively. Amortization for these contracts is determined using the straight-line method.

Derivative Instruments

AMP accounts for derivative instruments on its consolidated balance sheets at fair value unless the instruments qualify to be accounted for as normal purchases and normal sales. The fair values of derivative instruments accounted for using mark-to-market accounting are based on exchange prices and broker quotes, when available. If a quoted market price is not available, the estimate of fair value is based on the best information available including valuation models that estimate future energy prices based on existing market and broker quotes and supply and demand market data and other assumptions. The fair values determined are reduced by the appropriate valuation adjustments for items such as discounting, liquidity, credit quality and modeling risk. There is inherent risk in valuation modeling given the complexity and volatility of energy markets. Therefore, it is possible that results in future periods may be materially different as contracts are ultimately settled.

AMP has determined each of its power purchase and power sales contracts which meet the definition of a derivative instrument qualifies to be accounted for as normal purchases and normal sales.

AMP's interest rate management strategy uses derivative instruments to minimize earnings fluctuations caused by interest rate volatility associated with AMP's variable rate debt. The derivative instruments used to meet AMP's risk management objectives are interest rate swaps.

AMP has adopted a fuel procurement and hedging program which contemplates that AMP will, subject to market conditions, undertake to secure, at times when AMP deems such advantageous and prudent, contracts with fuel providers and financial institutions, the effect which will be to hedge, on a rolling 36-month basis, the price of up to 80% of the natural gas volume that AMP projects will be consumed by AFEC operating at its base capacity. AMP has entered into a number of International Swaps and Derivatives Association ("ISDA") agreements that are specific to AFEC in managing its natural gas supply requirements. All of these agreements are with investment grade or higher counterparties (Baa3/BBB-). AMP utilizes fixed-for-floating swap contracts to economically hedge the total natural gas fuel expense and records them at fair value. AMP does not utilize derivative financial instruments for speculative purposes, nor does it have trading operations.

The maturities of the swaps highly correlate to forecasted purchases of natural gas, during the time frame through December 2023. Under such agreements, AMP pays the counterparty at a fixed rate and receives from the counterparty a floating rate per MMBtu ("dekatherm" or "DTH") of natural gas. Only the net differential is actually paid or received. The differential is calculated based on the notional amounts under the agreements.

On the short term agreements, there was an unrealized loss of $13,497,538 and $12,990,410 at March 31, 2015 and December 31, 2014, respectively, which is included in other liabilities. On the long-term agreements, there was an unrealized loss of $52,233,332 and $31,310,347 at March 31, 2015 and December 31, 2014, respectively, which is included in other liabilities. A net loss of $21,430,113 and $11,730,828 was recognized in fuel on AMP's consolidated statements of revenues and expenses for the three-month periods ending March 31, 2015 and 2014, respectively. The losses from the natural gas contracts do not result from other than temporary (OTT) declines in market value. Corresponding regulatory assets have been recorded equal to the unrealized loss.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Presentation
Certain prior year balances have been reclassified to conform with current year presentation.

3. Revolving Credit Loan and Term Debt

Revolving Credit Loan
AMP has a revolving credit loan facility ("Facility") with a syndicate of lenders led by JPMorgan Chase Bank, N.A. Other members of the syndicate include KeyBank, N.A.; Wells Fargo Bank, N.A.; U.S. Bank, N.A.; Bank of America, N.A.; The Huntington National Bank; Royal Bank of Canada; and Bank of Montreal. The Facility allows AMP to obtain loans with different interest rates and terms and letters of credit. AMP's base borrowing capacity under the Facility is $750,000,000,

with an accordion feature to expand to $1 billion. At March 31, 2015, AMP had $357,200,000 outstanding under the Facility and the effective interest rate was 1.0625%. At December 31, 2014, AMP had $316,000,000 outstanding under the Facility and the effective interest rate was 1.0625%.

Term Debt
AMP has issued term debt in the form of notes payable and bonds for the financing of its own assets and on behalf of specific members. AMP is the primary obligor on term debt issued to finance its assets.

Advance Refunding of Portion of Prairie State Energy Campus Debt
On January 14, 2015, AMP issued, pursuant to the PSEC MTI, its Prairie State Energy Campus Project Revenue Bonds, consisting of three series: $507,875,000 Refunding Series 2015A (the "PSEC 2015A Bonds"), $135,350,000 Refunding Series 2015B (the "PSEC 2015B Bonds") and $95,100,000 Refunding Series 2015C (the "PSEC 2015C Bonds" and, together with the PSEC 2015A Bonds and the PSEC 2015B Bonds, the "PSEC 2015 Bonds"). The PSEC 2015 Bonds were issued to (i) refund a portion of AMP's Prairie State Energy Campus Project Revenue Bonds, Series 2008A (the "PSEC 2008A Bonds"), issued on July 2, 2008 in the aggregate principal amount of $760,655,000, (ii) refund a portion of AMP's Prairie State Energy Campus Revenue Bonds, Series 2009A (the "PSEC 2009A Bonds"), issued on March 31, 2009 in the aggregate principal amount of $166,565,000, and (iii) pay the costs of issuance of the PSEC 2015 Bonds. Specifically, a portion of the proceeds of the PSEC 2015 Bonds and other available funds under the Indenture, were applied to refund the PSEC 2008A Bonds and PSEC 2009A Bonds.

To effect the refunding, a sufficient amount of the proceeds of the Series 2015 Bonds and certain other available funds under the Indenture were deposited in an escrow account (the "Escrow Fund") established by AMP with U.S. Bank National Association (the "Escrow Agent"), and were invested in certain noncallable direct obligations or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America ("Defeasance Obligations") that mature in amounts and pay interest at rates sufficient to pay, when due, the principal, applicable redemption premiums, if any, and interest on the above-referenced bonds through their respective maturity or redemption dates, as applicable. The sufficiency of the Escrow Fund, including Defeasance Obligations and the income thereon, to pay such amounts were verified by a third party CPA firm. On the date of issuance of the PSEC 2015 Bonds, the Escrow Agent was given irrevocable instructions to call the callable PSEC 2008A Bonds for redemption on February 15, 2018 and the callable 2009A Bonds for redemption on February 15, 2019, each at the redemption prices of 100%. The funds held in escrow are presented in Trustee funds – restricted in the consolidated balance sheet (see Note 2).

Redemptions of the 2011A Meldahl Bonds
On August 1, 2014, the 2011A Bonds maturing on February 15, 2050 in the outstanding principal amount of $55,035,000 were redeemed from monies credited to a draw on the facility. The 2011A Bonds were redeemed at the redemption price of 100% of the principal amount thereof, plus accrued interest to that date.

Partial Redemption of the Prairie State Energy Campus 2009A Term Bonds
Per the Prairie State Energy Campus Second Supplemental, Article III, Section 32 AMP may, at its option, redeem the 2009A 2036 Term Bonds ("the bonds") stated to mature on February 15, 2036, prior to maturity, in whole or in part, on any date beginning February 15, 2014, at a redemption price of par, together with interest accrued to the date fixed for redemption. On February 26, 2014 the AMP Board approved resolution 14-02-3574 authorizing a loan under the AMP Credit Agreement ("the facility") to provide up to $52,000,000 for deposit with the Trustee to be used to

redeem all of the bonds in the amount of $48,020,000. The resolution was also approved at a Prairie State Participant's Committee in a duly noticed meeting held on March 19, 2014 at which a quorum was present throughout. On March 28, 2014 U.S. Bank N.A., the Trustee, sent out a notice to the bond holders of partial optional redemption of the bonds on April 30, 2014. The bonds were redeemed from monies credited to a draw on the facility in the amount of $48,020,000.
Bonds and notes payable related to financing AMP assets consists of the following March 31, 2015 and December 31, 2014:

	March 31, 2015	December 31, 2014
AMP project note due in October 2015 with interest at 1.00% both at March 31, 2015 and December 31, 2014, respectively, payable at maturity	$ 15,061,431	$ 15,061,431
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2008A	737,865,000	743,495,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009A	118,545,000	118,545,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009B	44,495,000	60,360,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2009C	385,835,000	385,835,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2010	300,000,000	300,000,000
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2015A	507,875,000	-
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2015B	135,350,000	-
AMP Prairie State Energy Campus Project Revenue Bonds, Series 2015C	95,100,000	-
Unamortized discount of Prairie State Campus Revenue Bonds	(12,211,862)	(8,963,742)
Unamortized premium Prairie State Campus Revenue Bonds, Series 2015A&B	88,402,441	
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009A	22,300,000	24,425,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009B	497,005,000	497,005,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009C	118,865,000	122,405,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	14,623,530	14,623,529
Unamortized discount on AMP Combined Hydroelectric Project Revenue Bonds, Series 2009D	(2,002,597)	(2,049,350)
Unamortized premium on AMP Combined Hydroelectric Project Revenue Bonds, Series 2009C	3,811,042	4,051,014
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010A	140,370,000	152,995,000
Unamortized discount on AMP Combined Hydroelectric Project Revenue Bonds, Series 2010A	(612,968)	(623,917)
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010B	1,109,995,000	1,109,995,000
AMP Combined Hydroelectric Project Revenue Bonds, Series 2010C	116,000,000	116,000,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010A	45,495,000	45,495,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010B	260,000,000	260,000,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010C	20,000,000	20,000,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010D	4,570,000	4,570,000
AMP Meldahl Hydroelectric Project Revenue Bonds, Series 2010E	300,000,000	300,000,000
Unamortized premium on Meldahl Hydroelectric Revenue Bonds, Series 2010	152,941	159,449
AMP Fremont Energy Center Project Revenue Bonds, Series 2012A	8,605,000	12,155,000
AMP Fremont Energy Center Project Revenue Bonds, Series 2012B	520,620,000	525,545,000
Unamortized premium on Fremont Energy Center Revenue Bonds, Series 2012	39,425,215	39,969,104
	5,635,539,173	4,861,052,518
Current portion	(77,485,843)	(64,650,843)
Noncurrent portion	$ 5,558,053,330	$ 4,796,401,675

4. Fair Value of Financial Instruments

As defined in the fair value measurements standard, fair value is the price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between willing market participants on the measurement date. This standard establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy defined by the fair value measurement standard are as follows:

Level 1 Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those where transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. AMP's Level 1 assets primarily consist of equity securities, mutual funds and money market funds that are listed on active exchanges which are included in investments and trustee funds on the consolidated balance sheets. AMP does not have any liabilities that meet the definition of Level 1.

Level 2 Pricing inputs are either directly or indirectly observable in the market as of the reporting date, other than quoted prices in active markets included in Level 1. Level 2 includes those financial instruments that are valued using models or other valuation methodologies based on assumptions that are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. AMP's Level 2 assets consist primarily of debt securities. Liabilities in this category include AMP's interest rate and natural gas swaps.

Level 3 Pricing inputs include inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. AMP's Level 3 assets consist of its investment in hedge funds, which are included in investments on the consolidated balance sheets.

AMP utilizes market data and assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. AMP primarily applies the market approach for recurring fair value measurements using the best information available. Accordingly, AMP maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The following table presents the carrying amounts and fair values of AMP's trustee funds, term debt, term debt on behalf of members, and term debt on behalf of Central Virginia Electric Cooperative as of March 31, 2015 and December 31, 2014.

	March 31, 2015		December 31, 2014	
Financial instruments	**Carrying Value**	**Estimated Fair Value**	**Carrying Value**	**Estimated Fair Value**
Assets				
Trustee funds, AMP	$ 1,518,119,499	$ 1,556,738,328	$ 880,964,947	$ 913,864,114
Trustee funds on behalf of members	164,771	164,771	416,928	506,793
Liabilities				
Fixed rate term debt, including current maturities, AMP	5,635,539,173	6,954,036,222	4,861,052,518	6,266,017,050
Fixed rate term debt, including current maturities, on behalf of members	9,589,500	9,589,500	11,138,000	11,138,000
Fixed rate term debt, including current maturities, on behalf of Central Virginia Electric Cooperative	22,770,833	22,770,833	23,625,000	23,625,000
Variable rate term debt, including current maturities, AMP and on behalf of members	479,000	497,000	975,000	975,000

The carrying amounts of cash, accounts receivable, accounts payable, the AMP project notes, the municipal project notes and the revolving credit loan approximate their fair value due to their short maturities. The carrying amount of the OMEGA JV6 Bonds approximates their fair value due to their variable rates of interest. The fair value of trustee funds is determined based on market observable inputs that include, but are not limited to, benchmark yields, reportable trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, and offers. The fair value of long-term debt reflect the present value of cash outflows relating to those obligations based on the current call price or the yield to maturity as deemed appropriate at the end of each respective year. The yields assumed were based on municipal bond ratings offered by organizations similar to AMP. The fair value of long-term debt is within Level 2 of the fair value hierarchy.

The estimated fair values of the natural gas swaps were determined using New York Mercantile Exchange ("NYMEX") futures settlement prices for delivery of natural gas at Henry Hub adjusted by the price of NYMEX ClearPort basis swaps, which reflect the difference between the price of natural gas at a given delivery basin and the Henry Hub pricing points.

The following tables set forth AMP's financial assets and financial liabilities that are accounted for on a recurring basis at fair value by level within the fair value hierarchy as of March 31, 2015 and December 31, 2014. As required by the fair value measurement standard, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. AMP's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

	March 31, 2015			
Recurring Fair Value Measures	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Equity securities and mutual funds	$ 8,354,404	$ -	$ -	$ 8,354,404
Money market funds	292,861	-	-	292,861
Debt securities	-	6,390,318	-	6,390,318
Hedge funds	-	-	39,185	39,185
	$ 8,647,265	$ 6,390,318	$ 39,185	$ 15,076,768
Liabilities				
Natural gas swaps	$ -	$ 65,730,870	$ -	$ 65,730,870
	$ -	$ 65,730,870	$ -	$ 65,730,870

	December 31, 2014			
Recurring Fair Value Measures	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Equity securities and mutual funds	$ 8,213,117	$ -	$ -	$ 8,213,117
Money market funds	256,041	-	-	256,041
Debt securities	-	6,355,042	-	6,355,042
Hedge funds	-	-	48,190	48,190
	$ 8,469,158	$ 6,355,042	$ 48,190	$ 14,872,390
Liabilities				
Interest rate swaps	$ -	$ -	$ -	$ -
Natural gas swaps	-	44,300,757	-	44,300,757
	$ -	$ 44,300,757	$ -	$ 44,300,757

The determination of the above fair value measures takes into consideration various factors required under the fair value measurement standard. These factors include nonperformance risk, including counterparty credit risk and the impact of credit enhancements (such as cash deposits, LOCs and priority interests). The impact of nonperformance risk was immaterial in the fair value measurements.

The following table provides a reconciliation of changes in the fair value of hedge fund investments classified as Level 3 in the fair value hierarchy during the nine-months ended March 31, 2015 and the year ended December 31, 2014:

Balance as of December 31, 2013	$	55,659
Withdrawals		(7,469)
Balance as of December 31, 2014		48,190
Unrealized gains (losses)		(9,005)
Balance as of March 31, 2015	$	39,185

5. Regulatory Assets and Liabilities

In accordance with the FASB standard for accounting for regulated entities, AMP records regulatory assets (capitalized expenses to be recovered in rates in future periods) and regulatory liabilities (deferred revenues for rates collected for expenses not yet incurred). Regulatory assets include the deferral of depreciation expense associated with asset retirement costs, the costs associated with the abandoned AMPGS Project, funds for member rate stabilization plans, unrecognized actuarial losses associated with the pension and postretirement healthcare plans and other capital expenditures not yet recovered through rates approved by the AMP board of trustees. Regulatory liabilities include revenues collected and intended to fund future capital expenditures, emission allowances, and other differences between the rates collected from members and expense recognition. As the capital expenditures are depreciated and inventories are used, regulatory assets and liabilities are amortized to match revenues with the related expenditures. Regulatory liabilities or regulatory assets are also recognized for unrealized mark-to-market gains and losses on derivative instruments that are subject to the ratemaking process when realized.

Regulatory assets and liabilities consist of the following:

	March 31, 2015	December 31, 2014
Regulatory assets		
Asset retirement costs	$ 10,693,080	$ 4,427,672
Debt service costs	109,204,387	112,661,090
Abandoned construction costs	43,118,011	45,125,226
Projects on behalf of	8,302,947	10,443,933
Operating and maintenance expenditures	6,929,287	8,548,238
Fair value of derivative instruments	65,730,470	44,300,357
Rate stabilization programs	29,113,473	35,064,552
Pension plan and postretirement healthcare plan obligations	8,887,661	8,884,942
Interest rate lock expense	13,196,208	5,480,791
Closure of Gorsuch Project costs	12,222,849	12,242,414
Other	-	-
Total regulatory assets	307,398,373	287,179,215
Current portion	(33,494,493)	(23,433,943)
Noncurrent portion	$ 273,903,880	$ 263,745,272
Regulatory liabilities		
Capital improvement expenditures	$ 777,749	$ 790,756
Debt service costs	8,524,202	6,198,320
Operating and maintenance expenditures	9,647,150	2,401,766
Working capital expenditures	14,944,590	14,944,588
Rate stabilization programs	8,406,857	8,120,857
Gains on early termination of power purchase contracts	1,745,631	1,884,224
Other	854,477	662,524
Total regulatory liabilities	44,900,656	35,003,035
Current portion	(854,477)	(645,779)
Noncurrent portion	$ 44,046,179	$ 34,357,256

6. Employee Benefits

Pension Plan

AMP has a defined benefit pension plan (the “Pension Plan”) which covers substantially all former hourly employees of Gorsuch. Due to the closure of the Gorsuch plant in 2010, there are no active plan participants as of March 31, 2015. Benefits for eligible employees are based primarily on years of service and compensation rates. Assets held by the Pension Plan consist primarily of treasury notes and marketable securities. Effective December 1, 2013, AMP adopted a qualified, defined contribution retirement plan under code section 414(h)(2), commonly referred to as a Money Purchase Pension Plan. AMP employees hired after December 1, 2013 will be enrolled in this Money Purchase Pension Plan.

On October 22, 2014, AMP filed an application for a favorable determination for termination of the American Municipal Power, Inc. Defined Benefit Pension Plan under section 401(a) and 501(a) of the Internal Revenue Code of 1986. This plan covered substantially all former hourly employees of Gorsuch.

Postretirement Plan
AMP sponsors a postretirement benefit plan (the "Postretirement Plan") covering salaried and hourly employees at the Gorsuch Project who were hired before November 1, 2003. The Postretirement Plan provides prescription drug and medical, dental, and life insurance benefits. Benefits are available to employees who retire under provisions of the Postretirement Plan. In 2014, AMP settled all outstanding obligations associated with the Gorsuch Postretirement Plan by offering lump sum cash payments to retirees in lieu of the insurance coverage.

The following table sets forth the components of net periodic benefit cost, for the Pension Plan and Postretirement Plan at March 31, 2015 and December 31, 2014:

	Pension Plan	
	March 31, 2015	**December 31, 2014**
Components of net periodic benefit costs		
Interest cost	$ 90,115	$ 419,341
Expected return on plan assets	(104,090)	(439,135)
Recognized actuarial loss	165,449	504,146
Net periodic benefit cost	$ 151,474	$ 484,352

	Postretirement Plan	
	March 31, 2015	**December 31, 2014**
Components of net periodic benefit costs		
Interest cost	$ 625	$ 124,596
Recognized actuarial loss	(6,000)	244,000
Settlement loss	-	369,515
Net periodic benefit cost	$ (5,375)	$ 738,111

7. Commitments and Contingencies

Environmental Matters
AMP is subject to regulation by federal and state authorities with respect to air and water quality control and other environmental matters and is subject to zoning and other regulations by local authorities. AMP is considering, or has considered, compliance with the following regulations:

President's Climate Action Plan
Announced on June 25, 2013, the President's Climate Action Plan establishes for the United States Environmental Protection Agency ("USEPA") certain specific rulemaking requirements and a timetable relative to emission reductions of carbon dioxide ("CO2") and other greenhouse gases ("GHGs"). USEPA proposed its rule to establish New Source Performance Standards ("NSPS") for CO2 for new fossil-fueled power plants on September 20, 2013, and was published in the Federal Register on January 8, 2014. While AMP has no units that will be impacted by the "new" unit NSPS for GHGs, it is expected to influence future decisions about generation additions, as well as have possible implications for the agency's existing source rule (see below). Thus, AMP filed comments on the new unit GHG NSPS proposed rule on May 9, 2014. Separately, the agency issued proposed regulations, to reduce CO2 emissions from modified, reconstructed, and existing

fossil-fueled power plants on June 18, 2014. AMP has reviewed potential compliance obligations as a result of the proposed rule, and submitted comments to USEPA on December 1, 2014.

On August 3, the USEPA issued final versions of its rules governing carbon dioxide emissions from new and modified and reconstructed fossil fuel units [under Clean Air Act Section 111(b)] and existing fossil fuel units [under CAA Section 111(d)]. The agency also issued a draft federal implementation plan (FIP) for comment. The documents are expected to be formally published in the Federal Register in late October. States must develop implementation plans by September 2016, with the potential for extensions until September 2018.

In addition to compliance obligations (PSGC and AFEC), AMP's renewable resources and energy efficiency program are expected to provide beneficial credits for project participants. In 2014 and 2015, AMP officials met with USEPA and state agency officials to discuss AMP's key areas of interest in the draft rule. The final rule included language supported by AMP that clarifies the eligibility of AMP's new hydroelectric projects to be used for compliance credit. AMP is participating in various stakeholder processes and will continue to work with key states as they draft implementation plans.

RICE-NESHAP

USEPA originally proposed National Emission Standards for Hazardous Air Pollutants ("NESHAP") for certain reciprocating internal combustion engines (RICE) units in February 2010. While the rule was finalized by the agency in August 2010, the rule has been under reconsideration, settlement discussions, and proposal since January 2011. On January 30, 2013, the final reconsidered rule was published in the Federal Register. The RICE-NESHAP Rule establishes emission limits and work practice standards for compression-ignited diesel engines and spark-ignited engines at area and major sources nationwide. The diesel engines owned by AMP are affected by this rule and are in compliance either through the installation of control equipment or operational limitations.

On May 1, 2015, the D.C. Circuit vacated EPA's regulations providing that stationary emergency Reciprocating Internal Combustion Engines may operate for up to 100 hours per calendar year for purposes of emergency demand response. EPA moved for a stay of the issuance of the court's mandate until May 1, 2016 to allow EPA time to promulgate a replacement rule. The court granted EPA's motion, staying the issuance of the court's mandate until May 1, 2016.

AMP is supporting the American Public Power Association's effort on behalf of its members to oppose the challenges to the rule.

NAAQS for Various Pollutants

Every five years, USEPA is required to propose new National Ambient Air Quality Standards ("NAAQS") for various criteria pollutants. USEPA's NAAQS for ozone was to have been issued in 2010, having missed that and other subsequent deadlines, the ozone NAAQS was withdrawn by the Obama Administration in September 2011 (see below).

In addition, the USEPA proposed new NAAQS for fine particulate matter (PM2.5) in June 2012 and issued final NAAQS for PM on December 14, 2012, lowering the allowable annual limit from 15 micrograms per cubic meter to 12 micrograms per cubic meter.

Both the ozone and PM NAAQS can have significant impacts on general economic development throughout AMP's footprint states, based on the final standards. For example, many metropolitan or industrialized counties would be expected to become nonattainment areas under the new ozone and PM standards if the levels are set low enough. This could require substantial local reductions of nitrogen oxides, volatile organic compounds, sulfur dioxide, and particulate matter.

Ozone NAAQS
On July 23, 2013, the U.S. Court of Appeals upheld the 2008 primary standard for ozone (at 0.075 ppm) but remanded the 2008 secondary standard for ozone to USEPA for reconsideration. On December 17, 2014 the USEPA proposed NAAQS for ozone was published in the Federal Register. EPA is under court order to finalize a new ozone standard by October 1, 2015. Specific impacts to AMP facilities / operations are not known at this time.

Cross State Air Pollution Rule ("CSAPR")
In addition to emission reductions required to achieve local compliance, additional reductions may be required to achieve compliance in down-wind neighboring states. AMP managed facilities received an appropriate amount of emission allowances based upon 2014 operation.

New Source Performance Standards for Combustion Turbines
USEPA proposed NSPS for natural gas combustion turbines in June 2012. The agency took comments on the proposal until December 28, 2012. The proposed revised NSPS would cover combustion turbines located at power plants, pipeline compressor stations, chemical and manufacturing plants, oil fields, landfills, and institutional facilities. AMP filed comments noting that the proposed revisions could limit unit operation and add compliance costs. The timing of USEPA issuing final NSPS for combustion turbines is unknown at this time.

Effluent Limitation Guidelines
USEPA published its proposed rule on June 6, 2013. EPA has agreed to take final action on the rulemaking by September 30, 2015 (per a consent decree). The rule would limit pollutants discharged in effluent to regulated waterways from steam-electric generating units (including combined cycle natural gas). AMP filed comments on September 19, 2013. Impacts to AMP facilities are expected to be limited.

Waters of the U.S.
In April 2014, EPA and the Army Corps of Engineers ("ACOE") jointly proposed a rule to redefine and "clarify" certain definitions and applicability of definitions to various "waters of the U.S.", a term used in the Clean Water Act ("CWA"). The proposed rule would greatly expand the scope of the CWA to a point where it might impact a variety of development and construction activities, including electric system transmission and distribution lines. Comments on the proposed rule were due November 14, 2014; AMP worked with the American Public Power Association in order to provide comment.

The Final Rule was published in the Federal Register on June 29, 2015 and set to become effective August 28, 2015. However, on August 27 a North Dakota federal judge temporarily blocked the rule's implementation, ruling that the states would likely suffer if it took effect and that they are likely to succeed when their underlying lawsuit against the rule is decided. EPA has interpreted that the Thursday decision only applies to the 13 states that requested the injunction (none of which are in AMP's footprint), and is moving forward with enforcement of the rule in remaining states.

FWS and NMFS Proposed Rules/Policy on Critical Habitat
Two proposed rules and a draft policy related to the designation of critical habitat under the Endangered Species Act (ESA) were issued on May 12, 2014, jointly by the U.S. Fish and Wildlife Service (FWS) and the National Marine Fisheries Service (NMFS).

Together the three proposals could expand the discretion of the FWS and NMFS to designate critical habitat under the Endangered Species Act, including actions that could change designations after certain development. AMP is monitoring the proposed changes for any potential impacts on projects and development.

Coal Combustion Residuals (CCR) or Coal Combustion Waste (CCW) Disposal Rule
On December 19, 2014 (not yet published in the Federal Register), USEPA issued a final rule regulating coal combustion residuals (CCR), which includes fly ash, bottom ash, boiler slag, and flue gas desulfurization materials, as nonhazardous under subtitle D of the Resource Conservation and Recovery Act (RCRA).

The final rule impacts coal-fired power plants with ash storage ponds or landfills due to heightened design criteria. Active storage ponds and landfills face enhanced monitoring and assessments. Inactive surface impoundments that still contain water and CCRs are subject to the regulation unless it completes closure within 36 months of the rule's publication. Impacts to AMP assets are expected to be limited.

Power Purchase Commitments
AMP's general practice is to enter into long-term power purchase contracts only when such contracts are supported by corresponding sales contracts to its members. All such contracts are considered normal pursuant to the FASB's guidance on derivative instruments. All such purchases are "covered" by corresponding power sales arrangements either with individual members or one of AMP's power pools.

AMP has certain power supply agreements that include provisions that would require collateral upon a decrease in AMP's credit rating below investment grade, or power prices below certain thresholds.

Other Commitments
In February 2011, AMP filed a complaint against Bechtel Power Corporation ("Bechtel") stemming from cancellation of the proposed AMPGS project. In the complaint, AMP alleges breach of contract, gross negligence and breach of fiduciary duty on the part of Bechtel and seeks to recover, among other things, approximately $100 million of cost that AMP incurred with respect to the AMPGS project prior to its cancellation. Bechtel filed an answer denying any liability and a counterclaim seeking $383,566 from AMP related to a termination payment that Bechtel alleges it is entitled to as a result of AMP terminating the AMPGS project for convenience. All costs associated with the litigation, as well as Bechtel's counterclaim, are project costs recoverable from the project participants under their power sales agreement with AMP, although the AMP Board of Trustees has determined it appropriate to pay a portion of those costs, to be recovered from the proceeds, if any, of the sale of project assets. On March 31, 2014, AMP received an adverse decision, denying in part and granting in part Bechtel's Motion for Summary Judgment. The Board and the Participants have voted to authorize AMP's General Counsel to continue legal action related to the cancellation of the project. As a result of that continued action, on October 21, 2014, AMP received an Order granting AMP's request to certify a key issue of state law to the Ohio Supreme Court. On December 24, 2014, the Ohio Supreme Court agreed to hear AMP's request that that Court determine whether, under Ohio law, reckless conduct by a breaching party renders

a contractual limitation of liability clause unenforceable. As a result of the Supreme Court's ruling, the litigation between AMP and Bechtel will be stayed until the Supreme Court renders its decision. AMP and Bechtel have each filed briefs, and the Court has scheduled the oral argument for October 27, 2015.

In January 2013, the staff of the Division of Enforcement of the Securities and Exchange Commission ("SEC") issued a subpoena to AMP seeking information and documents relating to the Prairie State Energy Campus. AMP is fully cooperating with the SEC's investigation which is nonpublic in nature. Based upon current information, AMP believes that investigation will likely be resolved without a material adverse effect on its financial condition.

AMP is also a party to various legal actions and complaints arising in the ordinary course of business. AMP does not believe that the ultimate resolution of such matters will have a material adverse effect on AMP's financial position or results of operations.

8. Subsequent Events

The Company has evaluated subsequent events through September 28, 2015 as this was the date the interim consolidated financial statement were available to be issued.

Consolidating Supplementary Information

Independent Auditor's Report on Supplementary Information

To the Board of Trustees and Members of
American Municipal Power, Inc.

We have reviewed the consolidated interim financial statements of American Municipal Power, Inc. and its subsidiaries as of March 31, 2015 for the nine months then ended and our report thereon appears on page one of this document. That review was conducted for the purpose of identifying any material modifications that should be made to the consolidated interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America. The consolidating balance sheet at March 31, 2015 and the consolidating statements of revenues and expenses and of cash flows for the three months ended March 31, 2015 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating interim information has been subjected to the review procedures applied in the review of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

Columbus, Ohio
September 28, 2015

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American Municipal Power, Inc.
Consolidating Balance Sheet
March 31, 2015 (unaudited)

	AMP*	PSEC	AFEC	Eliminating	Total
Assets					
Utility plant					
Electric plant in service	$ 35,022,806	$ 1,374,887,592	$ 542,428,873	$ -	$ 1,952,339,271
Accumulated depreciation	(17,607,034)	(98,601,583)	(51,988,568)	-	(168,197,185)
Total utility plant	17,415,772	1,276,286,009	490,440,305	-	1,784,142,086
Nonutility property and equipment					
Nonutility property and equipment	24,791,209	-	-	-	24,791,209
Accumulated depreciation	(13,382,597)	-	-	-	(13,382,597)
Total nonutility property and equipment	11,408,612	-	-	-	11,408,612
Construction work-in-process	2,260,671,005	7,584,096	5,800,535	-	2,274,055,636
Plant held for future use	35,210,882	-	-	-	35,210,882
Coal reserves	-	24,837,211	-	-	24,837,211
Trustee funds and other assets					
Trustee funds	196,482,717	44,992,549	39,115,447	-	280,590,713
Trustee funds - restricted	-	805,663,044	-	-	805,663,044
Financing receivables - members	13,573,317	-	-	-	13,573,317
Notes receivable	50,809,599	-	-	-	50,809,599
Regulatory assets	98,331,985	91,717,210	83,854,685	-	273,903,880
Investment in TEA	10,211,442	-	-	-	10,211,442
Intangible and other assets	25,207,772	22,243,169	30,232,862	-	77,683,803
Total trustee funds and other assets	394,616,832	964,615,972	153,202,994	-	1,512,435,798
Current assets					
Cash and cash equivalents	59,219,493	21,869,282	28,607,488	-	109,696,263
Cash and cash equivalents - restricted	25,758,134	-	-	-	25,758,134
Trustee funds	294,939,758	109,044,291	6,521,514	-	410,505,563
Trustee funds - restricted	-	21,524,949	-	-	21,524,949
Investments	15,076,768	-	-	-	15,076,768
Collateral postings	8,789,767	9,475,000	-	-	18,264,767
Accounts receivable	122,160,290	17,928,354	20,168,805	(64,862,511)	95,394,938
Interest receivable	7,917,149	4,789,878	62,701	-	12,769,728
Financing receivables - members	15,974,492	-	-	-	15,974,492
Notes receivable	7,909,082	-	-	-	7,909,082
Inventories	61,709	9,035,221	-	-	9,096,930
Regulatory assets	8,302,947	11,694,408	13,497,138	-	33,494,493
Prepaid expenses and other assets	2,598,285	1,225,004	919,082	-	4,742,371
Total current assets	568,707,874	206,586,387	69,776,728	(64,862,511)	780,208,478
Total assets	$ 3,288,030,977	$ 2,479,909,675	$ 719,220,562	$ (64,862,511)	$ 6,422,298,703

* This column represents all consolidated AMP entities except for AFEC and PSEC.

American Municipal Power, Inc.
Consolidating Balance Sheet
March 31, 2015 (unaudited)

	AMP*	PSEC	AFEC	Eliminating	Total
Equities and Liabilities					
Member and patron equities					
Contributed capital	$ 806,248	$ -	$ -	$ -	$ 806,248
Patronage capital	64,734,214	-	-	-	64,734,214
Total member and patron equities	65,540,462	-	-	-	65,540,462
Long-term debt					
Term debt	2,619,197,536	2,378,810,579	560,045,215	-	5,558,053,330
Term debt on behalf of Central Virginia Electric Cooperative	-	-	22,770,833	-	22,770,833
Revolving credit loan	334,692,171	22,507,829	-		357,200,000
Total long-term debt	2,953,889,707	2,401,318,408	582,816,048	-	5,938,024,163
Current liabilities					
Accounts payable	170,316,957	21,159,627	29,385,027	(64,862,511)	155,999,100
Accrued postretirement benefits	729,189	-	-	-	729,189
Accrued interest	23,753,690	15,955,379	3,324,981	-	43,034,050
Term debt	46,435,843	22,445,000	8,605,000	-	77,485,843
Term debt on behalf of members	10,068,500	-	-	-	10,068,500
Term debt on behalf of Central Virginia Electric Cooperative	-	-	-	-	-
Regulatory liabilities	807,648	-	46,829	-	854,477
Other liabilities	4,531,538	5,841,065	14,528,935	-	24,901,538
Total current liabilities	256,643,365	65,401,071	55,890,772	(64,862,511)	313,072,697
Other noncurrent liabilities					
Accrued postretirement benefits	100,000	-	-	-	100,000
Deferred gain on sale of real estate	1,248,621	-	-	-	1,248,621
Other liabilities	114,282	188,096	52,233,332	-	52,535,710
Asset retirement obligations	2,857,873	4,770,951	102,047	-	7,730,871
Regulatory liabilities	7,636,667	8,231,149	28,178,363	-	44,046,179
Total other noncurrent liabilities	11,957,443	13,190,196	80,513,742	-	105,661,381
Total liabilities	3,222,490,515	2,479,909,675	719,220,562	(64,862,511)	6,356,758,241
Total equities and liabilities	$ 3,288,030,977	$ 2,479,909,675	$ 719,220,562	$ (64,862,511)	$ 6,422,298,703

* This column represents all consolidated AMP entities except for AFEC and PSEC.

American Municipal Power, Inc.
Consolidating Statement of Revenues and Expenses
Three Months Ended March 31, 2015 (unaudited)

	AMP*	PSEC	AFEC	Eliminating	Total
Revenues					
Electric revenue	$ 154,370,008	$ 50,902,503	$ 57,575,482	$ (515,732)	$ 262,332,261
Service fees	2,990,319	-	-	-	2,990,319
Programs and other	3,831,120	-	-	(861,019)	2,970,101
Total revenues	161,191,447	50,902,503	57,575,482	(1,376,751)	268,292,681
Operating expenses					
Purchased electric power	151,273,258	8,689,195	1,016,145	-	160,978,598
Production	1,915,354	15,606,400	11,688,959	(861,019)	28,349,694
Fuel	16,926	6,286,585	34,019,564	-	40,323,075
Depreciation and amortization	1,006,777	9,425,128	4,210,032	-	14,641,937
Administrative and general	743,707	78,598	303,373	(515,732)	609,946
Property and real estate taxes	133,394	19,925	432,149	-	585,468
Programs and other	3,146,182	-	-	-	3,146,182
Total operating expenses	158,235,598	40,105,831	51,670,222	(1,376,751)	248,634,900
Operating margin	2,955,849	10,796,672	5,905,260	-	19,657,781
Nonoperating revenues (expenses)					
Interest expense	(397,534)	(21,659,059)	(6,178,202)	-	(28,234,795)
Interest income, subsidy	-	3,378,523	-	-	3,378,523
Interest income, other	236,874	2,750,605	48,270	-	3,035,749
Other, net	948,967	4,733,259	224,672	-	5,906,898
Total nonoperating (expenses) revenue	788,307	(10,796,672)	(5,905,260)	-	(15,913,625)
Net margin	$ 3,744,156	$ -	$ -	$ -	$ 3,744,156

* This column represents all consolidated AMP entities except for AFEC and PSEC.

American Municipal Power, Inc.
Consolidating Statement of Cash Flows
Three Months Ended March 31, 2015 (unaudited)

	AMP*	PSEC	AFEC	Eliminations	Total
Cash flows from operating activities					
Net margin	$ 3,744,156	$ -	$ -	$ -	$ 3,744,156
Adjustments to reconciles net margin to net cash provided by operating activities					
Depreciation and amortization	815,676	9,216,689	4,401,133		14,433,498
Depletion of coal reserves	-	208,439	-		208,439
Amortization of deferred financing costs	384,577	189,525	72,317		646,419
Amortization of bond premium, net of amortization of bond discount	(98,778)	(719,936)	(633,888)		(1,452,602)
Unrealized gain on investments	(9,894,368)	4,733,259	-		(5,161,109)
Changes in assets and liabilities					
Collateral deposits	999,833	1,525,000	-		2,524,833
Accounts receivable	(18,195,501)	2,606,084	(4,723,192)		(20,312,609)
Interest receivable	-	1,265,535	(22,792)		1,242,743
Inventories	743	(1,736,616)			(1,735,873)
Regulatory assets and liabilities, net	7,147,994	2,403,891	1,556,691		11,108,576
Prepaid expenses and other assets	(1,147,461)	802,645	1,983,954		1,639,138
Accounts payable	(23,412,473)	7,170,386	19,646,788		3,404,701
Accrued postretirement benefits	47,128	-	-		47,128
Accrued interest	40,918	(17,502,216)	(6,704,166)		(24,165,464)
Asset retirement obligations	(40,878)	-	-		(40,878)
Other liabilities	(830,576)	552,123	777		(277,676)
Cash provided by (used in) operating activities	(40,439,010)	10,714,808	15,577,622	-	(14,146,580)
Cash flows from investing activities					
Purchase of utility property and equipment	(62,705)	-	-		(62,705)
Purchase of nonutility property and equipment	(24,448)	-	-		(24,448)
Purchase of plant held for future use	(95,044)	-	-		(95,044)
Purchase of construction work-in-progress	(111,586,925)	(13,674,889)	(497,884)		(125,759,698)
Proceeds from sale of investments	(676,117,951)	873,682,717	11,552,006		209,116,772
Purchase of investments	(12,479,919)	(828,594,644)	-		(841,074,563)
Proceeds due to payments on loans made to related parties	1,997,160	-	-		1,997,160
Restricted cash and cash equivalents	(490,516)	-	-		(490,516)
cash (used in) provided by investing activities	(798,860,348)	31,413,184	11,054,122	-	(756,393,042)
Cash flows from financing activities					
Proceeds from revolving credit loan	40,828,629	1,371,371	-		42,200,000
Payments on revolving credit loan	2,264,645	(3,264,645)	-		(1,000,000)
Principal payments on term debt	(17,525,833)	(21,495,000)	(9,239,167)		(48,260,000)
Principal payments on term debt on behalf of members	(2,044,500)	-	-		(2,044,500)
Proceeds from issuance of term debt	-	824,199,257	-		824,199,257
Cost of Issuance of debt	58,266	(4,402,250)	-		(4,343,984)
Proceeds from Issuance of CVEC Debt	(854,167)	-	-		(854,167)
Proceeds from financing receivables - members	1,672,568	-	-		1,672,568
Funding of financing receivables - members	(1,903,427)	-	-		(1,903,427)
Cash provided by (used in) financing activities	22,496,181	796,408,733	(9,239,167)	-	809,665,747
Net change in cash and cash equivalents	(816,803,177)	838,536,725	17,392,577	-	39,126,125
Cash and cash equivalents					
Beginning of year	48,834,676	10,520,550	11,214,911	-	70,570,137
End of year	$ (767,968,501)	$ 849,057,275	$ 28,607,488	$ -	$ 109,696,262

* This column represents all consolidated AMP entities except for AFEC and PSEC.